

National Workshop

“The Roles and Benefits of Sustainable Development from Banking Perspectives”

SUSTAINABLE BANKING AND UNEP FI

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**JAPAN BANK FOR
INTERNATIONAL COOPERATION**



UNEP Finance Initiative
Innovative financing for sustainability

A list of items to be discussed today

- Environmental risks and opportunities
- Implications for banks
- Why join UNEP FI?—JBIC's case
- United Nations Environment Programme Finance Initiative (UNEP FI)

What does environment mean to a bank?

- ❑ Risk management
- ❑ Infrastructure finance
- ❑ Internal operations
- ❑ Community responsibility
- ❑ Marketing
- ❑ Sustainable product finance

Source: *“Your Financial Institutions and the Environment”*

... perhaps could be perceived as either risks or opportunities.

What are the environmental risks for a bank?

Financial institutions are under closer scrutiny from various stakeholders, such as regulatory bodies, investors, local communities, NGOs among others.

- ❑ Direct environmental risks—the actions of the financial institution itself create the environmental problem
- ❑ Indirect environmental risks—the financial institution is affected by the actions of another party such as a borrower

What are the environmental opportunities for a bank?

- ❑ Create positive perceptions by putting environmental and social considerations into practice.
- ❑ Contribute to “sustainable development” by offering funding to projects such as clean water supply, solid waste disposal, afforestation, renewable energy development, energy efficiency,

JBIC, aware of social responsibility, puts into practice

Japan Bank for International Corporation (JBIC),

- ❑ as the sole governmental institution responsible for conducting Japan's policy-based external financing
- ❑ involved in a number of projects overseas, and
- ❑ as an institution and the staff members as individuals

puts environmental and social considerations into practice.

JBIC Guidelines for Confirmation of Environmental and Social Considerations

JBIC Guidelines include provisions for:

- ❑ screening, environmental review, and monitoring;
- ❑ objection procedures to ensure compliance; and

are characterized by a focus on:

- ❑ promotion of community participation and dialogue;
- ❑ confirmation of environment and social considerations; and
- ❑ proactive information disclosure.

Listen to opinions of various stakeholders and enhance partnerships with

- ❑ private financial institutions
- ❑ International organizations
- ❑ government agencies
- ❑ local government
- ❑ research institutions
- ❑ NGOs

for example:

- ❑ UNEP FI APTF Outreach Group
- ❑ Cooperation agreements with private financial institutions

To assess conditions and needs of local communities

- an example of partnerships with NGOs carrying out their activities in close contact with local communities:
Batu Hijau copper mine development project in Indonesia





Mangrove planting at Labuan Lalar Village



Farming diversification by planting onion at Benete



Environment protection and reservation workshop



Increasing public health through community medical center

UNEP FI

- ❑ The United Nations Environment Programme Finance Initiative
- ❑ A unique global partnership between the UNEP and the financial sector
- ❑ About 180 member financial institutions worldwide
- ❑ Mission is “to identify, promote, and realize the adoption of best environmental and sustainability practice at all levels of financial institution operations”.

UNEP FI: principles of membership

- ❑ Implementation of the Principles of the UNEP FI Statement
- ❑ Engagement in Projects, Working Groups, and Task Forces
- ❑ Financial contribution to support activities

UNEP Statement by Financial Institutions on Environment and Sustainable Development

- ❑ **Commitment to sustainable development:** We recognize that sustainable development is a corporate commitment and an integral part of our pursuit of good corporate citizenship.
- ❑ **Environmental management and sustainable development:** We recognize that identifying and quantifying environmental risks should be part of the normal process of risk assessment and management.
- ❑ **Public awareness and communication:** We will foster openness and dialogue relating to environmental matters with relevant audiences, including shareholders, employees, customers, governments, and the public.

UNEP FI Asia Pacific Task Force

The Asia Pacific Task Force (APTF) was launched in January 2005

with its activities focusing on:

- setting of “sustainability” priorities for the Asia Pacific financial sector;
- creating a critical mass of Asia Pacific signatories that are able to exchange ideas and best practice facilitated by a UNEP FI network; and
- integrating a triple bottom line approach to the operations of the Asia Pacific financial sector.

UNEP FI APTF Outreach Group

The Outreach Group

under the umbrella of the Asia Pacific Task Force

- The aim is to lead and coordinate various cross-boundary outreach activities in the Asia Pacific region.
- Members: 8 signatories
- Associate members: 6 UNEP FI partners
- Chair: JBIC
- Co-chair: Association of Development Financing Institutions in Asia and the Pacific (ADFIAP)

Thank you

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Information on JBIC and UNEP FI available online at

<http://www.jbic.go.jp/english>

<http://www.unepfi.org>



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